



FULL YEAR RESULTS

FOR THE YEAR
ENDED 29 FEBRUARY 2024

PRESENTED BY: JOHANN LE ROUX

DATE: 24 APRIL 2024

AGENDA

- Noteworthy transaction
- Financial results
- Portfolio review
- Strategy
- Questions – email to cosec@zeder.co.za

NOTEWORTHY TRANSACTION

- Disposal of investment in Capespan (excluding Pome Investments)

Disposal of Capespan (ex Pome)	Key transaction terms	Remaining Pome Division	Further Special Dividends
<ul style="list-style-type: none"> Zeder, with minorities, signed sale of shares agreement for sale of 100% interest in Capespan (ex Pome) Main Conditions precedent relating to South African and Namibian competition commission fulfilled 	<ul style="list-style-type: none"> Restructuring of the Pome division out from Capespan Pome division can market fruit through Capespan, while farms owned by Zeder 	<ul style="list-style-type: none"> Zeder and minorities now direct shareholders in Pome division Zeder provided initial working capital facility Re-financed subsequent to Zeder year-end and repaid in full 	<ul style="list-style-type: none"> Further special dividend of 20c per share or R308m paid after Zeder year-end Options/proposals being considered on remaining Pome assets
R550m consideration	Disposal proceeds of R511m to Zeder		R308m dividend

CAPESPAN
GROUP LIMITED

 **ZEDER**
INVESTMENTS LIMITED

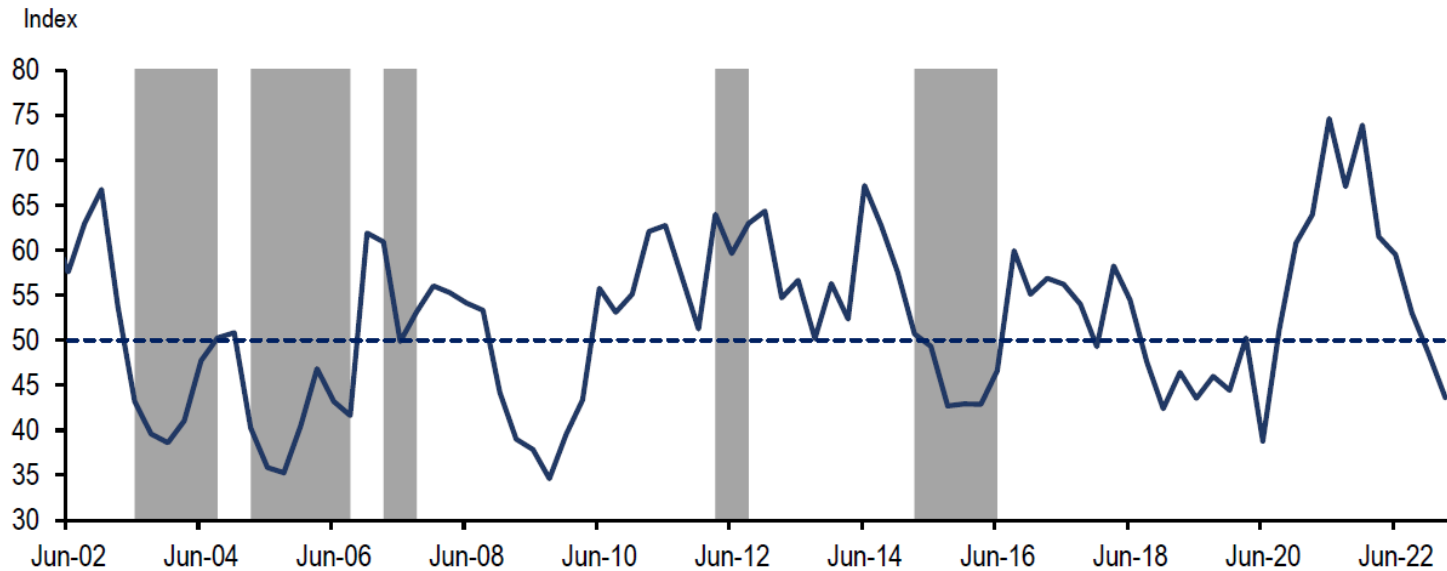
FINANCIAL RESULTS

- Business and operating environment
- Sum-of-the-parts

FINANCIAL RESULTS

BUSINESS AND OPERATING ENVIRONMENT

Figure 1: Agbiz/IDC Agribusiness Confidence Index¹



Source: Agbiz Research, South African Weather Service
(Shaded areas indicate periods when rainfall across South Africa was below the average level of 500 millimetres)

¹The Agbiz/IDC Agribusiness Confidence Index reflects the perceptions of at least 25 agribusiness decision-makers on the 10 most important aspects influencing a business in the agricultural sector (i.e. *turnover, net operating income, market share, employment, capital investment, export volumes, economic growth, general agricultural conditions, debtor provision for bad debt and financing cost*). It is used by agribusiness executives, policymakers and economists to understand the perceptions of the agribusiness sector, and also serves as a leading indicator of the value of the agricultural output while providing a basis for agribusinesses to support their business decisions.

- ❑ Index lowest since Q2 2020 at the height of the pandemic
- ❑ Q1 2024 reading is below the neutral 50-point mark
- ❑ This year has been very difficult for agribusinesses and affected certain sectors more than others
- ❑ Sentiment emanates from mostly the same factors which are yet to be addressed and new challenges on the weather front
- ❑ Port inefficiencies, poor rail and road infrastructure, worsening municipal service delivery and persistent loadshedding is driving negative sentiment
- ❑ El-Niño induced drought is devastating the summer grains regions
- ❑ We expect continuation of uncertainty and volatility to continue, especially ahead of the upcoming elections
- ❑ Zeder portfolio remains well positioned

FINANCIAL RESULTS

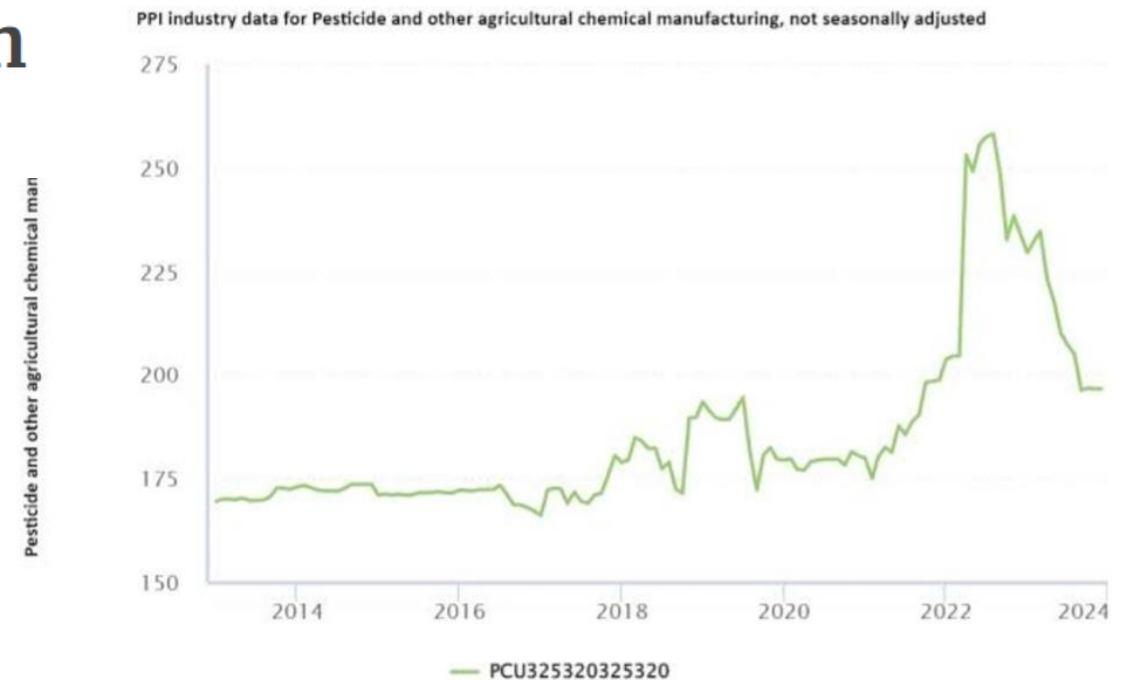
BUSINESS AND OPERATING ENVIRONMENT

Unexpected sharp decrease in chemical raw materials over short period of time. Chemical companies dependent on imported raw materials from China/India have to mitigate the risks of not having inventory against supply chain risk considerations. Significant decline in raw material prices resulted in higher cost inventory being sold at lower margins in order to remain competitive and retain market share.

What in the World is Going On With Glyphosate Prices?

"I think that the global pricing, at the moment, is sub \$4 a gallon in China. So, you've had that drop from about \$16 to \$17 a gallon in 2022. It's now about 25% of what it was," says Taylor. "That's the main catalyst of it, and that's why we've seen the kind of the cost curve and shift down as Chinese production is back online. They account for about two-thirds of global production."

Retailers and suppliers continue to cut the price of glyphosate to help offload expensive inventory in preparation for the fall months. While the prices of both generic and PowerMAX glyphosate products continue to vary widely, it's a sizable decline from even the beginning of the year.



FINANCIAL RESULTS

BUSINESS AND OPERATING ENVIRONMENT

Developing (African) currencies are under pressure and makes the fight to curb inflation difficult and leads to higher interest rates over longer periods. Zaad has been approached by parties and is considering proposals in terms of operations in certain African jurisdictions.

Higher interest rates by US Fed hits developing countries currencies.

African Currencies Are Under Pressure Amid Higher-for-Longer US Interest Rates 

Weaker currencies make the fight to curb inflation harder given the region's dependence on imports

Currency pressures

African countries' currencies have weakened against the US dollar, driving up the price of imports.

Exchange rates against US dollar

(index, Sep. 1, 2021 = 100, trade-weighted average across countries)



Source: Bloomberg. · Note: The average nominal exchange rate is weighted by the sum of exports and imports.

IMF

FINANCIAL RESULTS

BUSINESS AND OPERATING ENVIRONMENT

El Niño predictions changed throughout the summer season, making planting decisions difficult for farmers. Normally the El Niño weather pattern leads to more hectares of sunflower being planted. December rains changed the El Niño prediction and as a result, farmers planted maize during the late planting window. The change in the El Niño prediction proven to be incorrect as maize crop failures across large parts of Southern Africa.

Farmers put on alert as El Niño takes effect

The South African Weather Service warns of possibly hot and dry summer ahead

- The global weather event known as the El Niño-Southern Oscillation is due to occur this summer.
- El Niño usually causes drought conditions in South Africa, such as the Western Cape drought of 2015 - 2017 which led to fears of taps running dry in Cape Town.

Sunflower's ability to adapt to different climate conditions is ascribed to its tolerance for high and low temperatures alike. The crop's capacity to deal with drought conditions can be a great advantage in the upcoming season, given predictions that El Niño is likely to cause below-average rainfall.

South Africa May Escape Worst of El Niño as Good Rains Forecast

- Outlook may see farmers expand planting areas, Agbiz says
- Increased production may help rein in high food inflation

WEATHER MATTERS

Southern Africa looks set to dodge latest El Niño bullet

El Nino-linked drought threatens energy and food supplies in southern Africa with millions at risk

FINANCIAL RESULTS

SUM-OF-THE-PARTS

FY2024

SOTP value per share to 29 February 2024 decreased, mainly as a result of the disposal of Capespan (excluding Pome Investments) and resultant special dividends of 15c per share paid during the year. Further special dividend of 20c per share paid subsequent to year-end and resultant further decrease in the SOTP value per share.

Company	28 Feb 2023			29 Feb 2024			10 April 2024	
	Interest (%)	Rm	Share of Assets (%)	Interest (%)	Rm	Share of Assets (%)	Interest (%)	Rm
Zaad	97.2	2 384	59.5	97.2	2 342	61.2	97.2	2 342
Capespan (excluding Pome Investments)	93.0	511	12.7					
Pome Investments	93.0	535	13.4	87.1	585	15.3	87.1	585
Other net assets/(liabilities)		(19)	(0.5)		203	5.4		100
Cash and cash equivalents		598	14.9		694	18.1		496
SOTP VALUE		4 009			3 824			3 523
Number of shares in issue (net of treasury shares) (million)		1 540			1 540			1 540
SOTP value per share (rand)		2.60			2.48			2.29
Zeder share price (rand)		1.72			1.78			1.79

Note: It should be noted that these valuations are not an indication of the values at which Zeder would consider selling any of its investments

PORTFOLIO REVIEW



Zaad is a specialist agricultural seed and agrochemicals company that develops and supplies a broad basket of proprietary seeds and chemicals to emerging markets.



PORTFOLIO REVIEW

FINANCIAL RESULTS



On a last twelve-month (LTM) basis, Zaad reported a decrease of 18% in recurring earnings to R180m. Decrease in recurring earnings compared to EBITDA as a result of increased interest rates and therefore higher finance charges as well as tax rate adjustments having an impact.

Summarised Income Statement	Jun 22	Jun 23	LTM 31 Dec 23
	12 months	12 months	12 months
Historical	R'm	R'm	R'm
Revenue	2 455	2 557	2 390
EBITDA *	510	559	568
EBITDA (subsidiaries)	385	332	325
EBITDA (proportionate from associates)	125	227	243
Associate earnings	52	86	75
Recurring headline earnings	240	219	180
WANOS (m)	35	41	41
Recurring HEPS (R)	6.83	5.40	4.44
Net debt/(cash)	890	997	1 037

Notes: * includes EBITDA from associates
 These figures are unaudited proforma financials derived from divisional accounts



PORTFOLIO REVIEW

FINANCIAL RESULTS



The valuation of Zeder's interest in Zaad has remained fairly consistent with a marginal 2% decrease to R2.342bn from the prior year reported results, based on the LTM results.

GENERAL COMMENTS

- Good results from Agricol, impact of lower sunflower hectares will be only impact H2, but optimistic that it will be countered by canola sales in the winter rainfall areas.
- May Seed performing well under difficult trading conditions. Large parts of revenue in hard currency in order to mitigate against the depreciating local currency. Opportunities for May Seed, as multinationals are looking for alternatives in the area.
- FarmAg (chemicals) negative impact from sharp drop in chemical raw material prices. Short term impact, but significant. Timing of price recovery remains uncertain.
- EA Seed also contributing to earnings, previously negatively impacted by drought conditions in East Africa. Improvement and better start to the year, with positive year-end expectations.
- Bakker Brothers in transitional phase from trading to fully-fledged IP company. Vegetable seed and African maize IP located in the Netherlands – options being considered.
- African subsidiaries negatively affected by higher interest rates, depreciating currencies – options being considered.



Pome Investments is the holding Company that owns the 3 primary agricultural pome farming assets of Capespan Agri and the Novo packhouse.



PORTFOLIO REVIEW

FINANCIAL RESULTS



Despite challenging conditions in the global fresh fruit industry, Pome Investments reported record earnings with an increase of 23% in recurring earnings for the year ended 31 December 2023 to recurring headline earnings of R52m.

Summarised Income Statement	Dec 22	Dec 23
	12 months	12 months
Historical	R'm	R'm
Revenue	267	298
EBITDA	69	84
EBIT	48	61
Recurring headline earnings	42	52
WANOS (m)	412	412
Recurring HEPS (R)	0.10	0.13
Balance sheet NAV	Not standalone	797
Net debt/(cash)	Not standalone	94

- Net debt/cash relate to working capital facility
- No long-term debt
- Balance sheet NAV is marked related NAV based on independent 3rd party valuations performed on all farms and packhouse

Note: These figures are unaudited proforma financials derived from divisional accounts

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Pome Investments has increased by 9% to R585m from the prior year, despite the decrease in Zeder's effective interest.

GENERAL COMMENTS

- Favourable agricultural conditions on own farms
- Improved yields from the farming division during the 2023 season and decent prices realisation in the market resulted in a record year for Pome Investments
- Novo packhouse packed lower volumes, mainly due to hail experienced in Ceres (3rd party fruit), but additional cooling income mitigated the aforementioned
- Cooling income directly linked to port inefficiencies as 3rd party inventory remain longer in our cold storage facilities
- Western Cape experienced volatile summer weather patterns – our farms and infrastructure unscathed, but damage in Hex River and Citrusdal areas
- Impact on 2024 pome quality and yields to date minimal
- Early indications are that 2024 season will again deliver improved pome yields
- World-class farming and packhouse assets with experienced management teams

STRATEGY

STRATEGY

- Zeder's objective remains to maximise shareholder wealth
- How did we do during 2023/2024?
 - *Dividends to shareholders*
 - *Special dividends of R539m or 35c per share paid since 28 Feb 2023*
 - *Further special dividend of R154m or 10c per share as part of year end results*
 - *Corporate actions*
 - *Disposal of Capespan (excluding Pome Investments) during the year*
 - *Combined with prior year corporate actions, value has been created for Zeder shareholders*
- Zaad and Pome Investments our remaining portfolio companies (further approaches received)
 - *Zaad*
 - *PSG Capital/Rabobank appointed to advise on proposals and interest received*
 - *Zeder to consider these in a manner that is fair to third parties and respective management teams*
 - *Pome Investments*
 - *Positive interest from various parties on all individual assets*
 - *Options and proposals to be considered on Pome Investments or individual pome assets*
- Evaluating various options/proposals in an appropriate and responsible manner

Thank you

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